

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4404-01
Bill No.: HB 1650
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department; Fees
Type: Original
Date: March 31, 2014

Bill Summary: This proposal waives high school equivalency exam fees for applicants fifty years of age or older.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$49,360 to \$370,880)	(\$49,360 to \$370,880)	(\$49,360 to \$370,880)
Total Estimated Net Effect on General Revenue Fund	(\$49,360 to \$370,880)	(\$49,360 to \$370,880)	(\$49,360 to \$370,880)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Department of Elementary and Secondary Education (DESE)**, §161.095 requires the State Board of Education to set fees that recover the costs incurred by the section. Any fee waived would reduce the overall revenue collected and would require a budget allocation increase and a “balancing” fee increase for anyone younger than 50.

Estimated Costs

The typical average is 44 test-takers per month who are 50+ years old, for a total of 528 test-takers. This estimate could be low due to the interest generated by making the test available at no charge or reduced charge. According to DESE, available data from the American Fact-finder for 2012 states that a one-year estimate shows 337,662 people over the age of 45 without a High School Equivalence (HSE). One percent (1%) of this population totals 3,376 test-takers. This results in a range from 528 to 3,904 persons.

State administration fees are \$10 per test-taker per year. Waiving the state administration fee for this group would be lost revenue to the state and therefore the fees collected would no longer “recover the costs” to the state. Additionally waiving the Education Testing Service (ETS) and/or test center fees would require the state to pay fees typically paid by the test-taker. The table below shows the minimum and maximum estimates based on whether only the state administration fee or all the fees are waived.

	State administration fee		\$10		
	ETS Test fee		\$50		
	Testing center fee		<u>\$35</u>		
			\$95		
Minimum estimated test-takers	528	x	\$10	=	\$ 5,280
Maximum estimated test-takers	3,904	x	\$95	=	\$370,880

An additional, unknown expense would be from the test provider, ETS. ETS would be required to include in their online registration system a way to waive fees for anyone 50+. Missouri did not request this in the original contract so ETS would charge Missouri for edits required for this to be in the system. The fees required for this change would be one-time; but, could be significant.

ASSUMPTION (continued)

DESE further reports that in the contract bid with ETS, estimates were given (based on history) of the number of tests to expect, but there is no guaranteed/required number of tests.

Oversight assumes §161.095 states the State Board of Education "may" charge an examination fee from each applicant to cover the cost of administering the program; however, historically, applicants have paid the examination fee as well as an administrative fee to DESE.

For fiscal note purposes, Oversight will show a range for loss of administrative fees to DESE and a range for cost to DESE for payments to ETC and testing centers. The range for administrative fees will be for 528 to 3,904 test takers at \$10 per test. The range for payments to ETC and testing center fees will be for 528 to 3,904 test takers at \$85 per test.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Loss</u> - Department of Elementary and Secondary Education - Administrative fees for High School Equivalence (HSE) tests	(\$5,280 to \$39,040)	(\$5,280 to \$39,040)	(\$5,280 to \$39,040)
<u>Cost</u> - DESE - Payments to Education Testing Service and testing centers for HSE tests	(\$44,080 to \$331,840)	(\$44,080 to \$331,840)	(\$44,080 to \$331,840)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$49,360 to \$370,880)</u>	<u>(\$49,360 to \$370,880)</u>	<u>(\$49,360 to \$370,880)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

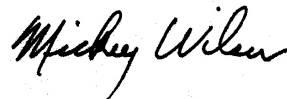
FISCAL DESCRIPTION

This bill waives the fee for a high school equivalency test for anyone who is age 50 or older.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education



Mickey Wilson, CPA
Director
March 31, 2014

Ross Strobe
Assistant Director
March 31, 2014